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THE WHITE HOUSE

WASHINGTON

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Executive Registry

May 7, 1985

DD/A Registry 85-1678

MEMORANDUM FOR THE VICE PRESIDENT

THE SECRETARY OF STATE

THE SECRETARY OF THE TREASURY

THE SECRETARY OF DEFENSE

THE SECRETARY OF THE INTERIOR

THE SECRETARY OF AGRICULTURE

THE SECRETARY OF COMMERCE

THE SECRETARY OF TRANSPORTATION

THE SECRETARY OF ENERGY

THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

THE DIRECTOR OF CENTRAL INTELLIGENCE AGENCY

UNITED STATES TRADE REPRESENTATIVE

SUBJECT:

Implementation of Nicaraguan Economic Sanctions With Regard to Contract Sanctity

The President's Executive Order of May 1, 1985 invoked the International Emergency Economic Powers Act (IEEPA) to put into effect an embargo on all Nicaraguan trade in goods and services with the United States. The E.O. was effective as of 12:01 a.m. EDT, May 7, 1985.

The President has determined that all commercial contractual commitments between the U.S. and Nicaragua will be terminated simultaneous with activation of the Trade Embargo against Nicaraguan goods and services. The President also has determined that the regulations to implement the trade embargo will permit the following exceptions with regard to contractual commitments entered into before May 1, 1985:

- (1) With regard to imports from Nicaragua to the United States, shipment may be completed if it can be demonstrated that the importer made a downpayment prior to May 1, 1985.
- (2) With regard to exports, contract sanctity will be allowed until November 1, 1985 only if one of the following three conditions applies:
 - -- Goods already in transit from the United States to Nicaragua.
 - Companies that can demonstrate that failure to comply with contractual obligations with Nicaraguan importers will leave them with goods in inventory which cannot be sold elsewhere.

 Companies whose export commitments are guaranteed under an outstanding performance bond which can be successfully invoked by Nicaraguan importers.

FOR THE PRESIDENT:

Robert C. McFarlane